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Press Release

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**McGRAW PROPOSES FOUR PIECES OF LEGISLATION
AIMED AT PROTECTING CONSUMERS
FROM THE ABUSIVE PRACTICE OF THE
CREDIT CARD INDUSTRY**

Today, Attorney General McGraw asked members of the legislature to introduce four bills aimed at protecting consumers from the abusive practices of the credit card industry. He hopes his effort will be a first step in the long road to reforming credit card laws and restoring fair and responsible lending practices.

Two of the pieces of legislation are aimed at preventing one of the fastest growing frauds in the country - identity theft. In 2002, the Federal Trade Commission estimated that 10 million Americans were the victims of identity theft, costing businesses \$33 billion and consumers \$3.8 billion.

One of the major causes of identity theft is data security breaches. Unfortunately, these breaches happen far more often than most realize. According to the Privacy Rights Clearing House, more than 80 security breaches were reported in 2005, putting an estimated 50 million consumers at risk of identity theft.

"Why do so few consumers realize the scope of this problem? Simple - they were never told that their personal information had been compromised. The practice of keeping these security breaches secret has got to stop," explained McGraw. Under the Attorney General's proposed legislation, data collectors - financial institutions, businesses, governmental agencies, and universities would be required to notify consumers in the event that personal data has or may have been compromised.

"Not only is it important that consumers have a tool to protect themselves once a security breach has occurred, but they also need the ability to restrict access to personal information in the first place". Today, legislation was introduced that will allow consumers to freeze access to their credit reports. There are currently 12 states that have enacted security freeze legislation. West Virginia should join them," urged McGraw. Specifically, McGraw's legislation would prohibit credit reporting agencies from releasing information from a consumer's report without the consumer's express authorization.

"I am also proposing legislation to prohibit another practice I find very troubling - the insurance industry's practice of using credit information, specifically credit scores, in deciding whether to sell homeowners and automobile insurance, in calculating premiums, and in deciding whether to cancel or renew a policy. And even though insurance companies assert that there is a correlation between a person's credit score and his risk as an insured, the actuarial soundness of this assertion cannot be verified because the company's scoring formula is secret," stated McGraw. McGraw's proposed legislation would prohibit insurance companies from using an applicant's credit history in making decisions about insurance rates, coverage, renewal or cancellation.

Finally, McGraw asked the legislature to amend an existing law that restricts how credit cards can be solicited on college campuses. This existing law, which was enacted in 2002, requires colleges and universities to create rules to regulate the marketing used on campuses by credit card companies. Unfortunately, the legislation did not provide for any penalties if the rules were violated. The proposed amendment provides for a \$500 penalty for each violation.

As it becomes available, the legislation can be accessed from the links below:

[Senate Bill 415 - Relating to Credit Card solicitation on college campuses.](#)

[Senate Bill 416 - Prohibiting use of credit history in insurance transactions.](#)

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